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SUBJECT: UNRWA'S GAZA DISENGAGEMENT STRATEGY

REF: DECEMBER 18 REFCOORD WEEKLY AREA REPORT

Classified By: Charge d'Affaires David Hale per 1.4 (b) and (d).

11. (C) SUMMARY: UNRWA wants to start large-scale development of its refugee camps in Gaza post-disengagement -- using its experimental Neirab Camp project in Syria, which is centered on re-housing refugees outside camps, as its model. Apart from its limited experience carrying out integrated camp rehabilitation and community development, UNRWA concedes that some key officials at the PA Ministry of Planning are reluctant to discuss any development strategy that facilitates disengagement. Nevertheless, UNRWA believes it has sufficient support from Abu Mazen to continue camp development planning under the guise of its draft five-year Medium Term Plan. The Agency is also attempting to stockpile food to maintain its core humanitarian mission in the event Gaza's borders are closed for extended periods. UNRWA's current stores will allow it to operate through February. END SUMMARY.

UNRWA BRIEFS DONORS ON ITS DISENGAGEMENT STRATEGY

12. (SBU) UNRWA ComGen Peter Hansen and his Chief of Operations/Gaza Field Director Lionel Brisson convened donors in Jerusalem two weeks after the Oslo AHLC (ref A) to brief them on the Agency's proposed strategy to respond to Israel's disengagement plan. Hansen and Brisson (who has been extended in his position until 2006, despite Hansen's imminent departure) assured donors at that initial December briefing that UNRWA would maintain its core humanitarian activities during and after disengagement, in line with the Roadmap and specific requests the Agency had received from the PA. However, they announced a new post-disengagement strategy for the Gaza field, centered on starting "comprehensive" development of the eight official refugee camps UNRWA operates in the Gaza strip. Brisson said UNRWA would use its ongoing Neirab/Ein al Tal Camp project in Syria as its "model," listing several Neirab activities UNRWA would like to apply to Gaza:

- constructing new housing, schools and other facilities (and related electrical, sewer and water infrastructure) in camps and in communities that would house relocated refugees

- expanding its small business lending programs;

- doubling vocational training enrollment by building a new training center in south Gaza (augmenting the one currently in Gaza City) and creating new curricula.

Hansen argued that the donor community would need this "macro approach" under the best or worst case scenarios the World Bank presented at Oslo, given that 60% of Gaza's total population are registered refugees and over half of them live in camps that are not covered by the PA's current development plan.

UNRWA'S CAMP DEVELOPMENT MODEL: A WORK IN PROGRESS

13. (C) At the December briefing, Hansen argued that UNRWA is well-placed to pursue development activities in Gaza, as it is already constructing infrastructure outside its camps under the terms of its long-standing EU-funded integrated water and sewer development program, and has an existing micro-credit program, making it the largest lender in Gaza. However, the partly-USG funded \$26 million Neirab project that UNRWA has identified as its model has only recently evolved into an effort to integrate house rehabilitation with larger community development. UNRWA implemented Neirab two years ago in order to move into new homes the 6,000 refugees living in dilapidated second world war-era barracks in the camp near Aleppo. UNRWA quietly secured SARG agreement to relocate an initial 1,300 residents in an unofficial Palestinian "gathering" located 20-km away at Ein al Tal. Last March, Switzerland and Canada (the project's lead donor) conditioned a significant part of their contributions to Phase I construction in Ein al Tal to ensure UNRWA added a job-creation and community development component, concerned the Agency might inadvertently be creating a slum given that 40-60% of the residents being

moved to Ein al Tal were "special hardship cases" -- refugees who receive regular financial and material assistance from UNRWA, such as the chronically ill and the disabled. Donors believe UNRWA recognizes the need to adapt its approach, but delays in hiring project managers from outside UNRWA's ranks have hampered efforts to revise the implementation plan. A detailed review of the partially revised plan that Canada, the U.S. and Switzerland conducted jointly in December (septel) suggests UNRWA will not arrive at an approach that will fully satisfy donors before April.

PA REACTION TO PROPOSED CAMP DEVELOPMENT

14. (C) UNRWA claims it has secured qualified support for its efforts to step up camp development planning since the Palestinian Presidential election. In a January 17 telcon, Deputy ComGen Karen Abu Zayd told refcoord that Hansen had discussed UNRWA's proposed response to disengagement with Abu Mazen in a post-election meeting held in Ramallah last week. Abu Mazen reportedly urged UNRWA to maintain its emergency humanitarian assistance programs, fearing conditions in Gaza would worsen in 2005 because of disengagement. However, Abu Zayd said he also directed UNRWA to work with the Gaza-based PLO Refugee Affairs Department to refine and integrate its post-disengagement development plans with PA planning, although he cautioned that the PA had "no details from Israel." (NOTE: Hansen is scheduled to meet PLO Refugee Affairs Department Head Dr. Zakaria al Agha in Gaza this week. END NOTE.) Abu Zayd conceded that the Refugee Department's role in overall development planning remained to be seen. While Al Agha reportedly has a close and long-standing relationship with Abu Mazen, PLO Refugee Department DG Mohammad Abu Bakr told refcoord January 17 that he expected Al Agha to leave the Department for a more senior post within the PLO.

15. (C) UNRWA believes Al Agha's departure would put integrated development planning on the back burner, given that meetings UNRWA has held with Ministry of Planning officials in the last two weeks have been unproductive, according to Lionnel Brisson and External Affairs Director Andrew Whitley, as the Ministry refuses to start any substantive discussions with UNRWA in the absence of a clear legal framework. Whitley, for example, said Deputy Minister of Planning Dr. Sameh Abed and Aid Coordinator Cairo Arafat were both "highly cynical about donors' objectives" when Whitley raised disengagement with them January 12. Realizing this state of play, some UNRWA donors are working to build capacity at the Refugee Affairs Department. Swiss Development Cooperation Gaza and West Bank Office Deputy Head Fritz Froelich told refcoord January 18 that he hoped to work with the Canadians to provide sufficient funding to the PLO Refugee Affairs Office to support its ability to play a role in development planning for one full-time staff member and several expert consultants "within four weeks."

UNRWA'S FUNDING STRATEGY

16. (C) Explaining how senior UNRWA officials feel they are "treading a fine line politically," Whitley revealed that UNRWA's Executive Committee decided January 13 to pursue planning under a lower profile, dropping ideas of launching a new "disengagement appeal" in favor of securing funding for activities already in UNRWA's draft Medium Term Plan (MTP), such as infrastructure construction and expanded vocational training. UNRWA is in the process of revising the MTP. It hopes to brief donors in mid-February, and has approached the Swiss about launching the plan in Geneva in March. Local SDC staff would prefer to hold their response until UNRWA assures donors the MTP reflects the recommendations of the high-level conference participants who met in Geneva last summer to review UNRWA operations, as was agreed at the fall Major Donors Meeting. The cost of UNRWA's new Gaza-related activities may still be unclear when the MTP is released. Deputy ComGen Abu Zayd told refcoord January 17 that UNRWA is having difficulty determining whether they activities should be absorbed under an amended FY 05 budget or fall under its emergency program, which already includes a large re-housing component. (NOTE: Refcoord will report on UNRWA's plans to allocate the new 20M Euro grant the EU signed in December for activities "to support Gaza disengagement," and the results of the Hansen-Zakaria meeting, septel. END NOTE.)

ADDITIONAL EFFORTS TO STOCKPILE HUMANITARIAN AID

17. (SBU) In addition to its development planning, UNRWA is trying to stockpile food and other emergency supplies in the event Gaza's borders are closed for extended periods during disengagement. Gaza Field Office Procurement and

Logistics Chief Olaf Mulander told refcoord January 16 that UNRWA is in the process of completing an emergency food distribution round for 130,000 refugee families (about 780,000 persons), but would be unable to start a second round planned for March with current stocks. Its normal distributions to about 80,000 disadvantaged refugees (i.e., the "special hardship cases"), would also be disrupted if local millers, who supply UNRWA with flour, could not obtain wheat shipments. Mulander said that UNRWA has been paying \$2.4 million/month in port storage and shipping company demurrage fees to keep 844 containers carrying food aid in Ashdot port pending screening at Karni terminal. Another 350 containers are scheduled to arrive at Ashdot in the next two weeks. He reported that UNRWA had been in negotiations with the IDF to start screening containers at the military terminal at Sofa (a practice the GOI has agreed to do twice before during the current intifada), but said his office had received confirmation from Israeli authorities last week that this alternative arrangement had "fallen through."

COMMENT

18. (C) UNRWA has been pushing its house rehabilitation-based approach to camp development as a potential model for its first 2005-2009 Medium Term Plan since June. Several donors familiar with UNRWA's first effort to implement this approach -- its ongoing Neirab project in Syria -- have been encouraging the Agency to undertake an employment-based experiment before adopting the Neirab model wholesale. With significant budgetary support, Neirab might be an applicable model for Gaza (part of Neirab's success has depended on the SARG's willingness to build about \$5 million in new infrastructure to support refugees relocated to Ein al Tal). However, given UNRWA's highly-decentralized approach to planning it is far from certain that UNRWA's Gaza Field would agree to modify its traditional, unilateral approach to project management and give donors and host authorities a voice in planning through a project advisory committee, as the Syria Field Director (a longtime proponent of reforming the way UNRWA does business) has done. The Gaza Field Director's resistance to adopting the new approaches to emergency planning being pioneered by the West Bank Field reinforces our belief that donors will have to work hard to exercise oversight over any camp development program UNRWA conducts in Gaza. END COMMENT.

19. (U) Embassy Tel Aviv cleared this message.

HALE